

TWENTY-EIGHTH MEETING.

THE SPECIAL CITY GAS COMMITTEE meets in the Committee Room, City Hall, on Monday, July 5th, 1920, at 8.15 p.m.

PRESENT: Aldermen Seabrook, Harley, Bridge and His Worship Mayor Little and Messrs. C.M. Duffield, John Pringle and A.H.M. Graydon.

Alderman Harley nominates Alderman Seabrook as Acting Chairman and he is unanimously elected.

Alderman Seabrook assumes the Chair.

64 MINUTES.

The minutes of the seventeenth, eighteenth and twenty-seventh meetings are confirmed and signed by the Acting Chairman.

65 CITY GAS MATTERS (see par. 47, 48, 63)

Auditors Dale and Screaton reporting as follows:

"We have examined the books, statements and accounts of the Company from the year 1914 to the present time, every facility being afforded us in our investigation.

The principal reasons for asking for an advance at this time are, the conditions of the coal and oil markets.

The state of the coal market, owing to the strikes of last Fall and this Spring, the shortage in transportation, and foreign demand, renders it very difficult to determine a settled price. One half of the quantity had been contracted for, the balance must be secured in the open market.

The advance in price on the amount contracted for is \$1.29 per ton on that to be purchase at the market price \$7.93 per ton. These prices are as furnished by the Company and as verified by their books and correspondence. We have made outside confidential enquiries from independent sources and find the situation warrants this increase, and even an advance in the quantity not contracted for.

The same conditions prevail in the oil market, the supply not keeping pace with the demand. The advance - estimated by the Company at eight cents per gallon, we find, after the same investigation from reliable, independent sources, to be more than this amount at the present time, with prospects of a further increase.

The amount paid for wages during the year 1920 will be \$15,000 more than in 1919. Taxes paid in 1920 are \$3,066 more than in 1919. There has been a loss in operation for the months of March, April, May and June, of \$5,738.00. These are provided for in our estimate. There is an estimated increase in the price of necessary repairs to keep the plant in operation, of \$7,000. The renewal of benches operating a number of retorts has been delayed on account of shortage of funds. The costs of renewal of the seven benches in operation is \$21,000. Three of these must be renewed this year at a cost of \$9,000, but we think the cost should be spread over the life of a bench - four years - and have allowed \$5,250 for this purpose.

A summary of the increase required to keep the Company in operation shows, from the foregoing advances, to be as follows:

Increase in cost of coal	\$69,150.00
Increase in cost of oil	48,240.00
Increase in wages	15,000.00
Increase in cost of upkeep	7,000.00
Increase in taxes	3,066.00
Increase in Workmen's Comp. Board	631.00
Renewal of benches	5,250.00
Sundry increases in interest, etc.	754.00
Losses for the months of March, April, May and June	5,738.00
Allowance for unforeseen expenditures, increases and loss of consumers	7,671.00
	<u>\$162,500.00</u>

Per Contra

We estimate an increase in the sale of coke, tar, etc. from the advanced prices of this products, of \$14,904.00

We also eliminate a net surplus, expended in construction) from the operation of the year 1919.

27,596.00 42,500.00

Leaving the total advance to be provided for \$120,000.00

On the basis of production for 1919 (which is an average) of 300 million feet, an advance of 40¢ per thousand feet is required to meet this increase, making the cost \$1.30 per thousand feet.

In the year 1917 a dividend of less than three per cent was paid. In the years 1918 and 1919 no dividend was paid.

It is to be understood that in the foregoing estimate no provision has been made for interest on capital invested, dividend or depreciation of any kind.

(On account of the abnormal state of the coal and oil markets, and

fluctuations in the rate of exchange, we would suggest that the advance proposed be limited to six or nine months, when a further examination might be made."

Mr. Graydon states that he had made several efforts to get in touch with Mr. Ramey but, up to the present, had been unable to do so.

In reply to a question from Alderman Bridge, Mr. Graydon states that the Company would prefer to increase the price of gas rather than charge for service.

Alderman Harley moves that the report of the Auditors on the books, statements and accounts of the City Gas Company from the year 1914 to the present time be received and filed, and, in view of the findings of the auditors that the price of coal had advanced \$1.29 per ton, the increase of eight cents per gallon on oil, and the increase in wages, amounting to \$15,000, and in order to maintain the service of gas during the coming Winter, that the Auditors' recommendation that, on account of the abnormal state of the coal and oil markets and fluctuations in the rate of exchange, that the price of gas be increased from ninety cents per thousand to one dollar and thirty cents per thousand for the limited period of six to nine months, be adopted, as the Committee are of the opinion that the increase would be more equitable than the service charge, and, further, that the Council be recommended to authorize the Special Gas Committee to wait on the Attorney General with the City Gas Company in order that the price of gas may be changed accordingly, and the supply of gas maintained under a temporary agreement.

The motion is adopted.

Alderman Bridge moves, and it is adopted, that His Worship the Mayor be requested to call a special meeting of the Council to consider the report upon receipt of information to Mr. Graydon that the Attorney General would receive the deputation.

Upon motion the Committee adjourned.

Chairman.